

JAN 24 2019

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEFINITIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Hawaii employer-
2 union health benefits trust fund offers health benefits to
3 dependents of state and county employees and retirees. Due to
4 the current interpretation of chapter 87A, Hawaii Revised
5 Statutes, when an employee is killed in the performance of the
6 employee's duty, the employee passes away when eligible for
7 retirement or the retiree passes away, the employee's or
8 retiree's surviving spouse's children that are born after the
9 employee's or retiree's death are eligible to participate in
10 benefit plans offered by the fund. However, the legislature
11 finds that a child born or legally adopted after an employee's
12 or retiree's death who is not the natural or adopted child of
13 the deceased employee or retiree should not be eligible to
14 participate in fund benefit plans because the child is not the
15 child of the state or county employee or retiree.

16 The legislature further finds that the definition of
17 "employee-beneficiary" limits coverage of surviving children of

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1 employees who pass away when eligible for retirement and
2 retirees who pass away until age nineteen, which is lower than
3 surviving children of employees who are killed in the
4 performance of their duty, which is prescribed in the fund's
5 administrative rules. The date of coverage termination of
6 surviving children of employees who pass away when eligible for
7 retirement and retirees who pass away should be the same as
8 surviving children of employees who are killed in the
9 performance of their duty.

10 The purposes of this Act are to:

- 11 (1) Amend the definition of "dependent-beneficiary"
12 in chapter 87A, Hawaii Revised Statutes, to clarify
13 eligibility of children for participation in fund
14 benefit plans;
- 15 (2) Amend the definition of "employee-beneficiary"
16 in chapter 87A, Hawaii Revised Statutes, to
17 distinguish between surviving children and surviving
18 spouses of employees who are killed in the performance
19 of the employee's duty; and
- 20 (3) Amend the definition of "employee-beneficiary" in
21 chapter 87A, Hawaii Revised Statutes, to change
22 eligibility of surviving children of employees who

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1 pass away when eligible for retirement and retirees

2 who pass away for participation in fund benefit plans.

3 SECTION 2. Section 87A-1, Hawaii Revised Statutes, is
4 amended by amending the definitions of "dependent-beneficiary"
5 and "employee-beneficiary" to read as follows:

6 "Dependent-beneficiary" means an employee-beneficiary's:

7 (1) Spouse;

8 (2) Unmarried child deemed eligible by the board,

9 including a legally adopted child, stepchild, foster

10 child, or recognized natural child who lives with the

11 employee-beneficiary, but excluding a child born or

12 legally adopted more than ten months after the date of

13 death of:

14 (A) An employee killed in the performance of duty;

15 (B) An active employee who was eligible to retire on

16 the date of death; or

17 (C) A retired employee-beneficiary; and

18 (3) Unmarried child regardless of age who is incapable of

19 self-support because of a mental or physical

20 incapacity, which existed prior to the unmarried

21 child's reaching the age of nineteen years.

22 "Employee-beneficiary" means:

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- 1 (1) An employee;
- 2 (2) The beneficiary of an employee who is killed in the
- 3 performance of the employee's duty, including:
- 4 (A) The surviving spouse, if the surviving spouse
- 5 does not subsequently remarry; and
- 6 (B) The surviving child, if there is no surviving
- 7 parent who is eligible to be an employee-
- 8 beneficiary and the child is unmarried and under
- 9 the limiting age as defined by the board;
- 10 (3) An employee who retired prior to 1961;
- 11 (4) The beneficiary of a retired member of the employees'
- 12 retirement system; a county pension system; or a
- 13 police, firefighters, or bandsmen pension system of
- 14 the State or a county, upon the death of the retired
- 15 member, including:
- 16 (A) The surviving child [~~of a deceased retired~~
- 17 employee], if there is no surviving parent who
- 18 is eligible to be an employee-beneficiary and
- 19 the child is unmarried and under the [~~age of~~
- 20 nineteen; ~~or~~] limiting age as defined by the
- 21 board; and

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1 (B) The surviving spouse [~~of a deceased retired~~
2 employee], if the surviving spouse does not
3 subsequently remarry;
4 provided that the employee, the employee's beneficiary, or the
5 beneficiary of the deceased retired employee is deemed eligible
6 by the board to participate in a health benefits plan or long-
7 term care benefits plan under this chapter."

8 SECTION 3. This Act does not affect rights and duties that
9 matured, penalties that were incurred, and proceedings that were
10 begun before its effective date.

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act, upon its approval, shall take effect
14 on July 1, 2019.

15

16 INTRODUCED BY: *Mark D. Miller*

17 BY REQUEST

18

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Report Title:

Hawaii Employer-Union Health Benefits Trust Fund

Description:

Amends the definitions of "dependent-beneficiary" and "employee-beneficiary" as used in chapter 87A, Hawaii Revised Statutes.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND DEFINITIONS.

PURPOSE: To amend the definition of "dependent-beneficiary" and "employee-beneficiary".

MEANS: Amend section 87A-1, Hawaii Revised Statutes (HRS).

JUSTIFICATION: The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) has discovered that when active employees are killed in the performance of their duties, active employees pass away when eligible for retirement and retirees pass away and their surviving spouses are covered under EUTF benefit plans, the surviving spouses occasionally add dependent children to the plan that are not natural or adopted children of the deceased employees and retirees. EUTF believes that the Legislature never intended to cover children who are not the natural or adopted children of deceased employees and retirees. This amendment excludes from EUTF plan eligibility children who are not the natural or adopted children of deceased state and county employees and retirees.

Additionally, the EUTF has discovered that coverage of surviving children of employees who pass away when eligible for retirement and retirees who pass away may terminate at a lower age than surviving children of employees who are killed in the performance of their duty.

Impact on the public: The children of surviving spouses of deceased state and county employees and retirees who are born or adopted more than ten months after the

deaths of such state or county employees and retirees will not be eligible for participation in fund health benefit plans; and surviving children employees who pass away when eligible for retirement and retirees who pass away may be covered longer on the health benefit plans.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: July 1, 2019.